


MEMORANDUM NOTICE

To: CREDIT COMMITTEE
From: Todd Hurley 
Subject: **REGULAR CREDIT COMMITTEE MEETING
MARCH 22, 2022, 1:30 P.M.**

Date: March 17, 2022

Chair Mullin is calling a meeting of the Credit Committee for **Tuesday, March 22, 2022 at 1:30 p.m.** Chair Mullin has determined, due to the emergency declared by the Mayor regarding the COVID-19 health pandemic, that it is not practical nor prudent for the Saint Paul Port Authority Board of Commissioners and members of the staff to meet in-person or pursuant to Minnesota Statutes, Section 13D.02. In light of the COVID-19 health pandemic, it is not feasible for any member of the Saint Paul Port Authority Board of Commissioners and staff to be present at the regular location, and all staff and Board members of the Saint Paul Port Authority will attend this meeting by telephone or other electronic means.

It is also not feasible for members of the public to attend the meeting at its regular location due to the health pandemic and emergency. Accordingly, no meeting will be held at the Saint Paul Port Authority offices which are located at 400 Wabasha Street N, Suite 240, St. Paul, MN. Members of the public may monitor this meeting remotely at 651-395-7858, Conference ID: 826 500 190#. The purpose of the meeting is:

Minutes

Approval of Minutes of the February 22, 2022 Credit Committee Meeting

Conflict of Interest

Conflicts with any items on the agenda

Agenda Items

1. Conveyance of Land to the City of Saint Paul – 1056 7th Street East, St. Paul, MN – Beacon Bluff Business Center
2. Restructure and Reassignment of Finish Line Wellness Group, LLC \$550,000 BDF Loan – Treasure Island Center
3. 2022 Lease – Capital City Properties Parking Ramp
4. Envision Commercial, LLC – Approval of a \$251,000 Trillion BTU Loan
5. Such other business that may come before the Committee
 - Quarterly Outside PACE Funding Report – 4th Qtr 2021

**SAINT PAUL PORT AUTHORITY
MINUTES OF THE REGULAR CREDIT COMMITTEE MEETING
FEBRUARY 22, 2022**

The regular meeting of the Port Authority Credit Committee was held on February 22, 2022 at 1:30 p.m. via Microsoft Teams.

The following Committee Members were present:

John Bennett	Brianne Hamm	Matt Hill
John Marshall	Don Mullin	Matt Slaven

Also, present were the following:

Bruce Kessel	Dana Krueger	Nelly Chick
Kathryn Sarnecki	Lee Krueger	Andrea Novak
Pete Klein	Linda Williams	Tonya Bauer
Todd Hurley	Linda Tran	Laurie Siever
Eric Larson, City of Saint Paul		
Dai Thao, City of Saint Paul		
Rebecca Noecker, City of Saint Paul		
Sarah Brown, City of Saint Paul		
Kristin Hanson, PFM		
Miquel Navarro, PFM		

APPROVAL OF MINUTES

Committee Member Bennett made a motion to approve the minutes of the January 25, 2022 Credit Committee meeting. The motion was seconded by Committee Member Marshall, submitted to a roll call vote, and carried unanimously.

CONFLICT OF INTEREST

There were no conflicts of interest with any items on the agenda.

AGENDA ITEMS

**ISSUANCE OF \$18,000,000 OF TAXABLE AND TAX-EXEMPT
G.O. BONDS – EMERALD ASH BORER (EAB) TREE PROGRAM**

Mr. Hurley reviewed his memorandum with the Committee requesting approval to issue one or more series of bonds in an original aggregate amount not to exceed \$18,000,000, backed by the full faith, credit, and resources of the City of Saint Paul to fund the Emerald Ash Borer Tree Program. Committee Member Hamm made a motion to approve the request. The motion was seconded by Committee Member Hill, submitted to a roll call vote, and carried unanimously.

BMM PROPERTIES, LLC – APPROVAL OF A \$128,000 TRILLION BTU LOAN

Mr. Klein reviewed his memorandum with the Committee requesting approval for the Port Authority to initiate a Trillion BTU loan for approximately \$128,000 with BMM Properties, LLC for the installation of a roof mounted 54 kW solar array on a commercial property located at 350 University Avenue in Saint Paul, Minnesota. Committee Member Marshall made a motion to approve the request. The motion was seconded by Committee Member Slaven, submitted to a roll call vote, and carried unanimously.

QUARRY CENTER NORTH, LLC – APPROVAL OF A \$408,000 PACE LOAN

Mr. Klein reviewed his memorandum with the Committee requesting approval for the Port Authority to initiate a PACE loan for approximately \$408,000 with Quarry Center North, LLC for the installation of a roof mounted 166.5 kW solar array on a commercial property located at 314 10th Avenue S. in Waite Park, Minnesota. Committee Member Bennett made a motion to approve the request. The motion was seconded by Committee Member Hill, submitted to a roll call vote, and carried unanimously.

3124 MINNEHAHA AVENUE, LLC – APPROVAL OF A \$410,000 PACE LOAN

Mr. Klein reviewed his memorandum with the Committee requesting approval for the Port Authority to initiate a PACE loan for approximately \$410,000 with 3124 Minnehaha Avenue, LLC for the installation of a roof mounted 42.4 kW solar array as well as HVAC, lighting, and windows on an apartment property located at 3124 Minnehaha Avenue in Minneapolis, Minnesota. Committee Member Hill made a motion to approve the request. The motion was seconded by Committee Member Slaven, submitted to a roll call vote, and carried unanimously.

MINNETONKA MOCCASIN – APPROVAL OF A \$331,000 TRILLION BTU LOAN

Mr. Klein reviewed his memorandum with the Committee requesting approval for the Port Authority to initiate a Trillion BTU loan for approximately \$331,000 with Minnetonka Moccasin Co., Inc. for the installation of a roof mounted 147 kW solar array on a manufacturing property located at 1113 East Hennepin Avenue in Minneapolis, Minnesota. Committee Member Marshall made a motion to approve the request. The motion was seconded by Committee Member Bennett, submitted to a roll call vote, and carried unanimously.

AUTHORIZATION FOR THE INTERNAL CREDIT COMMITTEE TO APPROVE PACE LOANS DIRECTLY FUNDED BY SPIRE CREDIT UNION

Mr. Klein reviewed his memorandum with the Committee requesting approval for the Port Authority to execute loan documents for projects directly funded by Spire Credit Union without additional Board approval. Committee Member Slaven made a motion to approve the request. The motion was seconded by Committee Member Hamm, submitted to a roll call vote, and carried unanimously.

APPROVAL OF THE TEMPORARY SPENDING PLAN FOR TAX INCREMENT FINANCING BALANCES IN GREAT NORTHERN BUSINESS CENTER - SOUTH, GRIFFIN, WESTMINSTER, AND WILLIAMS HILL REDEVELOPMENT TAX INCREMENT FINANCING DISTRICTS

Mr. Kessel reviewed his memorandum with the Committee requesting approval of the Temporary Spending Plan for tax increment financing balances in Great Northern Business Center—South, Griffin, Westminster, and Williams Hill Redevelopment Tax Increment Financing Districts. Committee Member Bennett made a motion to approve the request. The motion was seconded by Committee Member Hamm, submitted to a roll call vote, and carried unanimously.

Committee Member Slaven shared the following comment: “I just wanted to use this opportunity to commend the staff on this effort. This was a great opportunity created by Legislation and I’m very very pleased to see that the staff worked so diligently to bring it to fruition and to identify a really good use of the funds and a spending plan and the plan to use these funds for the Hillcrest development is a very, very good choice by the Port Authority.”

**CAPITAL CITY PLAZA PARKING GARAGE – APPROVAL TO EXECUTE A
LOAN AGREEMENT TO PROVIDE A \$150,000 BDF LOAN TO ALLIED PARKING, INC.**

Mr. Kessel reviewed his memorandum with the Committee requesting approval to execute a loan agreement and provide a Business Development Fund loan of up to \$150,000 to Allied Parking, Inc. for operating expenses at the Capital City Plaza Parking Garage, subject to draws being in the best interest of the Port Authority as determined by the President and CFO of the Port Authority. Committee Member Marshall made a motion to approve the request. The motion was seconded by Committee Member Hill, submitted to a roll call vote, and carried unanimously.

OTHER BUSINESS

There being no further business, the meeting was adjourned at 2:10 p.m.

By: _____

Its: _____

MEMORANDUM

To: CREDIT COMMITTEE

Meeting Date: March 22, 2022

From: Monte M. Hilleman



Subject: CONVEYANCE OF LAND TO THE CITY OF SAINT PAUL - 1056 7th STREET EAST,
SAINT PAUL, MN – BEACON BLUFF BUSINESS CENTER
RESOLUTION NO. _____

Action Requested:

Approval of the conveyance of approximately 0.67 acres of land located at 1056 7th Street East in the Beacon Bluff Business Center in Saint Paul, Minnesota to the City of Saint Paul for construction of a new Fire Station #7.

Background:

Attached is a Memorandum outlining the terms of the land conveyance transaction from the Port Authority of the City of Saint Paul (the “Port Authority”) to the City of Saint Paul for the property located at 1056 7th Street East in the Beach Bluff Business Center in Saint Paul, Minnesota.

Recommendation:

We recommend approval of the conveyance of approximately 0.67 acres of land located at 1056 7th Street East in the Beacon Bluff Business Center in Saint Paul, Minnesota to the City of Saint Paul for construction of a new Fire Station #7.

Attachments: Memorandum
Map
Resolution

MEMORANDUM

SAINT PAUL PORT AUTHORITY LAND CONVEYANCE TRANSACTION

Action Requested:

Approval of the conveyance of approximately 0.67 acres of land to the City of Saint Paul located at 1056 7th Street East in the Beacon Bluff Business Center in Saint Paul, Minnesota for the construction of a new Fire Station #7.

Development Officer:

Monte M. Hilleman

Buyer/Grantee:

City of Saint Paul

Grantee Address:

City of Saint Paul
25 West Fourth Street, Suite 1000
Saint Paul, MN 55102

Location of Property to be Conveyed:

The site is in the Beacon Bluff Business Center, as per the attached figure and measures approximately 0.67 acres.

Conveyance Structure:

Conveyance of fee simple title to the land via Quitclaim Deed. The property is being sold for \$233,482.00. Both Buyer and the Port Authority of the City of Saint Paul ("Port Authority") have conditions that must be met prior to transferring the title of real estate. Buyer's contingencies include site due diligence, title review, and City Council approval. The Port Authority's contingencies include Board approval, MPCA covenants, if required, and Buyer's financing. The closing is anticipated to take place by July 15, 2022, subject to Force Majeure. Construction of the facility shall be substantially completed, and occupancy shall occur, no later than July 15, 2024. The full purchase agreement is available upon request.

Nature of Intended Use:

The City of Saint Paul intends to construct and operate an approximate 18,000 square foot newly constructed Fire Station #7, as a replacement to the functionally obsolete current facility, across Ross Avenue East to the south of this site.

Business Subsidy Agreement:

A business subsidy agreement is not required for this transaction.

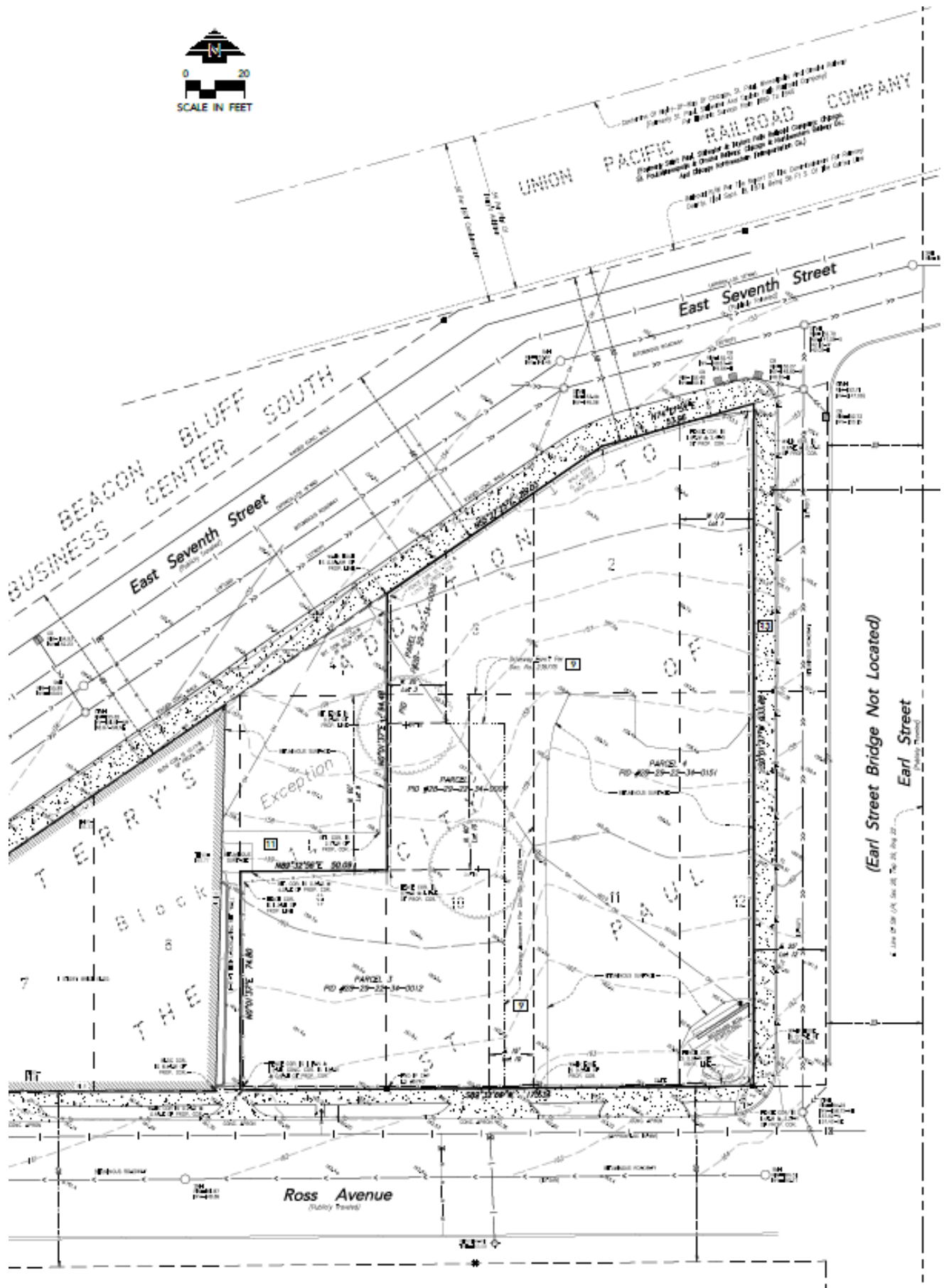
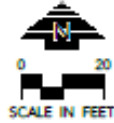
Exception from Port's Development Criteria/Covenants:

This project was initially acquired for blight removal purposes when the Port Authority acquired the nearby 3M campus, now the Port Authority's Beacon Bluff Business Center. It is not developable for a typical Port Authority economic development project. As such, the Port Authority's typical development criteria and covenant requirements do not apply.

Development Officer's Comments:

This project is a great example of the Port Authority's partnership for redevelopment purposes. Selling this remnant parcel eliminates an ongoing Port Authority maintenance expense and provides land for a much-needed upgrade to a fire station serving the East Side and Beacon Bluff Business Center.

MAP OF PROPERTY



**RESOLUTION OF THE
PORT AUTHORITY OF THE CITY OF SAINT PAUL**

**[PUBLIC HEARING – CONVEYANCE OF LAND TO THE CITY OF SAINT PAUL –
1056 7TH STREET EAST, SAINT PAUL, MN—BEACON BLUFF BUSINESS CENTER]**

WHEREAS, The Port Authority of the City of Saint Paul (the "Port Authority"), pursuant to Minnesota Statutes, Section 469.065, did place a notice, a copy of which with proof of publication is on file in the office of the Port Authority, of a public hearing on the proposed conveyance of property owned by the Port Authority in a legal newspaper, said hearing to be held to determine whether it is in the best interests of the port district of Saint Paul and the people thereof and in furtherance of the general plan of port improvement and industrial development to convey real estate located at the * Business Center, and by reference made a part hereof and any personal property of the Port Authority included therewith (collectively, the "Property").

WHEREAS, the Port Authority did conduct a public hearing pursuant to said notice on March 22, 2022, at which hearing all taxpayers in the port district, both for and against the conveyance, were allowed to state their views.

WHEREAS, the City of Saint Paul has entered into a Purchase Agreement to purchase real estate at the Beacon Bluff Business Center, which Property is owned by the Port Authority.

WHEREAS, it is in the best interests of the port district and the people thereof, and in furtherance of the general plan of port improvement and industrial development, to approve the real estate conveyance.

WHEREAS, the Port Authority has investigated the facts of the proposal with said investigation including the terms and conditions of said agreement, the proposed use of the Property, and the relationship thereof to the port district of Saint Paul and the business facilities of the Port Authority in general.

WHEREAS, the proposal presented meets the terms and conditions set forth by the Port Authority as its guide in determining if such proposals are in the best interests of the port district and of the public.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE PORT AUTHORITY OF THE CITY OF SAINT PAUL:

1. That the Board of Commissioners of the Port Authority hereby finds, determines and declares that it is for the best interests of the port district and the people thereof, and in furtherance of the general plan of industrial development, to enter into said agreement to convey the land; and

2. That the actions of the President/Interim President of the Port Authority in causing public notice of the proposed conveyance, and in describing the terms and conditions of such conveyance, which have been available for inspection by the public at the office of the Port Authority from and after the publication of notice of hearing, are in all respects ratified and confirmed; and

3. That the President/Interim President of the Port Authority is hereby authorized to complete and execute said agreement to purchase in substantially the form as is on file in the office of the Port Authority, and the proper Port Authority officers are hereby authorized to complete and execute all documents necessary to convey title in form as approved by counsel.

Adopted: _____

PORT AUTHORITY OF THE
CITY OF SAINT PAUL

By _____
Its Chair

Attest:

By _____
Its Secretary

MEMORANDUM

To: CREDIT COMMITTEE **Meeting Date:** March 22, 2022

From: Bruce Kessel 

Subject: **RESTRUCTURE AND REASSIGNMENT OF FINISH LINE WELLNESS GROUP, LLC
\$550,000 BDF LOAN - TREASURE ISLAND CENTER**

Action Requested:

Approval for the Port Authority to restructure and reassign the \$550,000 Finish Line Wellness Group, LLC (**FLW**) Business Development Fund (**BDF**) Loan associated with a wellness center at Treasure Island Center (**TIC**) in Saint Paul, Minnesota to IDTS Holdings, LLC. d.b.a. IDTS Wellness (**IDTS**) and Go Wild, LLC (**Go Wild**).

Public Purpose:

One of the purposes of the BDF Program is to encourage job creation and business growth in Saint Paul and the contiguous East Metro area. The proposed restructuring will enable IDTS to operate the space FLW built out in the Treasure Island Center and thereby service the restructured loan, as well as retain the existing employees. In addition, keeping the space open and operating will complement the two other employers in the adjacent spaces thereby enhancing their operating results and ability to service the loans they have with us.

Business Subsidy

Not applicable.

Background

FLW developed an integrated care model that blends fitness, massage, and chiropractic services with physical therapy, acupuncture, and psychological services, as well as educating clients on topics including diet and exercise regimes. In July 2020, a \$550,000 BDF loan was approved and was fully drawn. The loan was used for equipment, tenant improvements associated with the buildout, and some operating costs. The Minnesota Department of Employment and Economic Development (DEED) guaranteed \$200,000 of the loan through its Loan Guarantee Program (80% of \$250,000). At approximately the same time FLW opened, the COVID pandemic shut down most businesses which are only recently reopening as individuals return to work. FLW received forbearances on its loans until the fall of 2022 and no payments were received on the loan. FLW has determined that it can no longer operate and has terminated their lease for the space in Treasure Island Center. The fair market value of the equipment is less than \$100,000.

After investigating options for collecting on this loan and in conjunction with the Treasure Island Center, the best available option currently is to restructure the FLW loan as follows:

1. \$190,000 BDF loan with IDTS at 1.80%, payable over ten years. It would not bear any interest until January 1, 2023. Preliminary discussions with DEED indicate that DEED is receptive to restructuring/reassigning its guarantee to this loan (80% of \$190,000 or \$152,000). Monthly payments would be:

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- a. \$1,000 per month starting August 1, 2022 through December 1, 2023;
 - b. \$1,250 per month from January 1, 2024 through December 1, 2024;
 - c. \$1,500 per month from January 1, 2025 through December 1, 2025; and
 - d. \$2,000 per month from January 1, 2026 through July 1, 2032.
2. \$200,000 BDF loan to Go Wild, LLC (Treasure Island's landlord), payable monthly when IDTS's percentage rent exceeds its base rent.
3. \$160,000 BDF loan to Go Wild LLC (Treasure Island's landlord), payable upon sale of the Treasure Island Center with sales proceeds over and above its outstanding mortgage. Go Wild, LLC has approved this loan.

IDTS has negotiated a new lease for the space previously occupied by FLW contingent upon the aforementioned \$190,000 BDF loan; the associated documents would transfer ownership of the equipment to IDTS. IDTS has worked with the Treasure Island Center and FLW's employees to keep the facility open and operating so the public experience no disruption in services. It has and intends to keep the existing FLW's employees as part of its operations. Mario Nozzarella is the majority owner of IDTS, as well as a number of other related companies. With this operation, IDTS currently intends to have three facilities:

- 1) IDTS Wellness Center - the former FLW operations located in Treasure Island Center;
- 2) Ramsey Innovation Center located in the City of Ramsey. They are in the process of relocating into a new 21,000 square foot leased space (currently completing a build out of approximately one-third of the space, with plans to build out the remaining space in three phases as its business expands); and
- 3) IDTS Medical – They have finalized a lease on the second floor of TIC for 4,115 square feet of space for medical services that will complement the FLW space and should be operational in 2023. IDTS has contact with most of the local medical providers such as Health Partners and Mayo and directly and indirectly provides services to them. It also works with a number of national and international medical device manufacturers. IDTS believes that this space and platform will be beneficial to the public by improving the overall care and health of those using their services.

IDTS believes that they can grow the FLW revenue stream substantially over the next several years. In addition, the other two operations noted above are included in IDTS and their revenue would be available to further support this loan.

Go Wild is the landlord at TIC and would prefer to keep the FLW space open and operating, especially since it complements the other tenants on the third floor of TIC. With FLW terminating their lease, it anticipates it would take months if not years to find a new tenant and complete any build outs

MEMORANDUM

that may be necessary for them. As such, it is willing to assume the loan which will keep the space occupied and paying rent and CAM. It is also willing to assign any percentage rent that is above its base rent to the Port Authority to service that loan. Go Wild has signed a listing agreement with an estimated value of approximately \$55 million, which should be more than adequate to service the existing mortgage and debt, as well as the obligations contemplated by this action.

Existing and Proposed BDF Loans:

Existing Loan:

Finish Line Wellness	<u>\$550,000</u>
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Proposed Loans:

IDTS Holdings, LLC.	\$190,000
Go Wild, LLC Percentage Rent	\$200,000
Go Wild, LLC	<u>\$160,000</u>
Total	\$550,000

Proposal:

Source of Funds:	Existing Business Development Fund (BDF) Loan
Use of Funds:	Restructured Business Development Fund (BDF) Loans
Amount of Loans:	\$550,000
Rate:	0% to 1.90%
Term:	10 years, or Sale of TIC

Collateral:	Signed Loan Agreements with IDTS Holdings, LLC. and Go Wild, LLC
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Workforce

<u>Implications:</u>	Maintain 6-7 employees
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Policy Exceptions: Yes

1. BDF guidelines have targeted up to 50% of Fair Market Value. This restructuring is contemplated to maximize collections on an existing BDF loan.
2. IDTS is an entity with minimal financial history or assets. This is mitigated by the success of its majority owner and related entities, as well as potential net revenues from at least two other facilities.
3. Go Wild owns and operates TIC, which is in the process of being marketed. When sold, the net proceeds should exceed the existing debt leaving adequate resources to repay the associated loans.
4. Interest rates are below market value. This is mitigated by the community engagement activities that the organization will engage in and help support the other tenants of the building as well as the community and local emergency response personnel.

MEMORANDUM

Recommendation:

Contingent on Go Wild approving the above BDF loans. We recommend approval for the Port Authority to restructure and reassign the \$550,000 Finish Line Wellness Group, LLC Business Development Fund Loan associated with a wellness center at Treasure Island Center in Saint Paul, Minnesota to IDTS Holdings, LLC. d.b.a. IDTS Wellness and Go Wild, LLC.

MEMORANDUM

To: CREDIT COMMITTEE

Meeting Date: March 22, 2022

From: Eric D. Larson
Bruce A. Kessel
Todd P. Hurley



Subject: 2022 LEASE – CAPITAL CITY PROPERTIES PARKING RAMP
RESOLUTION NO. _____

Action Requested:

Approval and authorization, (1) to enter into a redemption period lease (“Redemption Period Lease”) of the parking ramp (the “Ramp”) at 50 East 4th Street, Saint Paul, Minnesota, and (2) to terminate the lease of the Ramp between the Port Authority of the City of Saint Paul and Capital City Properties.

Background:

The Port Authority of the City of Saint Paul (the “Port Authority”) owns the Ramp in downtown Saint Paul and Capital City Properties (“CCP”) is its sole tenant. It is managed by Allied Parking, Inc. As detailed more fully below, at the same time the Indenture Trustee assigns the Sheriff’s Certificate for the Ramp to its purchaser, per the terms of a Redemption Period Lease between the Port Authority and the purchaser, as a tenant (the “Tenant”), will take possession of the Ramp. The Redemption Period Lease will automatically terminate upon the expiration of the redemption period.

The Ramp was constructed using the proceeds from a series of bonds issued in 2000. These bonds were backed solely by revenues from the Ramp. Wells Fargo Bank, National Association, is the trustee (in such capacity, the “Indenture Trustee”) for the bondholders respecting the series of revenue bonds. Parking revenue for the Ramp has been severely diminished due to the effects of the pandemic. The revenue from the Ramp, therefore, has been insufficient to meet its ongoing operating expenses. As a result, in 2021, the Indenture Trustee elected to secure a purchaser of the Ramp, foreclose on the Ramp, and transfer the Ramp to the purchaser.

Accordingly, on December 27, 2021, the Indenture Trustee entered into a purchase agreement to sell, assign and transfer the Sheriff’s Certificate, which is received at the sheriff’s sale pursuant to the foreclosure process. The purchase agreement contains a confidentiality provision covering the transaction and the identity of the prospective buyer. The sheriff’s sale is anticipated to be held on April 15, 2022, unless rescheduled for any reason. The Indenture Trustee expects to receive a sheriff’s certificate (the “Sheriff’s Certificate”), to be issued by the Ramsey County Sheriff after the Ramsey County District Court enters its order confirming the sale of the Ramp in the foreclosure action and then as soon as practical thereafter sell and assign the Sheriff’s Certificate to the prospective purchaser.

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As the owner and a tenant of the Ramp, both the Port Authority and CCP have redemption rights lasting for six months after the district court confirms the sale of the Ramp to redeem the Ramp. If no party with redemption rights redeems the Ramp during the redemption period, the Sheriff's Certificate will, by operation of law, convey the Ramp to purchaser.

Simultaneously, with the Indenture Trustee's assignment of the Sheriff's Certificate to the purchaser, by the Redemption Period Lease, the Port Authority will convey rights to possess and use of the Ramp to the purchaser, now also known as the Tenant. Pursuant to the terms of the Redemption Period Lease, the Tenant will take the Ramp "AS IS" and "With All Faults"; will be responsible for all costs and expenses for the Ramp; and will take assignment of the Management Agreement between the Port Authority and Allied Parking, Inc. (the current operator of the Ramp), as well as all other associated contracts. The above action will terminate the lease between the Port Authority and CCP.

The Redemption Period Lease is contingent on the sale and assignment of the Sheriff's Certificate from the Indenture Trustee to the Tenant.

Redemption Period Lease Terms and Conditions:

Redemption Period

Lease Commencement: Upon Sale and Assignment of the Sheriff's Certificate
(Anticipated to be late April 2022)

Redemption Period

Lease Termination: Upon Expiration of the Redemption Period
(Anticipated to be late October 2022)

Base Rent: \$1.00

Additional Rent: All Port Authority expenses incurred
(excludes costs incurred prior to 2021)

Real Estate Taxes:

Tenant shall pay all real estate taxes and assessments billed by the county, city or any other regulatory authority pursuant to the Redemption Period Lease. Tenant shall pay directly to any taxing authority.

Recommendation:

Approval and authorization, (1) to enter into a Redemption Period Lease of the Ramp at 50 East 4th Street, Saint Paul, Minnesota, and (2) to terminate the lease of the Ramp between the Port Authority and CCP.

Attachment: Map
Resolution

Capital City Plaza Parking Ramp
50 4th St East, Saint Paul, Minnesota



This is an aerial view of the map and does not represent the actual location of the project. The map is for informational purposes only and should not be used for navigation. The map is not to scale and does not represent the actual location of the project. The map is for informational purposes only and should not be used for navigation.



0 125 250 500 Feet



**RESOLUTION OF THE
PORT AUTHORITY OF THE CITY OF SAINT PAUL**

[2022 LEASE – CAPITAL CITY PROPERTIES PARKING RAMP]

WHEREAS, the Port Authority of the City of Saint Paul (“Port Authority”) is a public body corporate and politic and governmental subdivision organized pursuant to Chapter 469 of Minnesota Statutes.

WHEREAS, the Port Authority seeks to enter into a lease (hereinafter referred to as “Redemption Period Lease”) for the parking ramp located at 50 East 4th Street, Saint Paul, Minnesota (hereinafter referred to as the “Ramp”) and contemporaneously terminate the existing lease between the Port Authority and Capital City Properties (“CCP”) for the same premises (hereinafter referred to as the “CCP Lease”).

WHEREAS, the Port Authority owns the Ramp in downtown Saint Paul and CCP is its sole tenant. It is managed by Allied Parking, Inc. The Ramp was constructed using the proceeds from a series of bonds issued in 2000. These bonds were backed solely by revenues from the Ramp. Wells Fargo Bank, National Association, is the trustee (in such capacity, the “Indenture Trustee”) for the bondholders respecting the series of revenue bonds.

WHEREAS, due to the Pandemic, the parking revenue for the Ramp has been insufficient to meet its ongoing operating expenses. As a result, in 2021, the Indenture Trustee elected to secure a purchaser of the Ramp, foreclose on the Ramp, and transfer the Ramp to the purchaser. The Indenture Trustee expects to receive a sheriff’s certificate (the “Sheriff’s Certificate”), to be issued by the Ramsey County Sheriff after the Ramsey County District Court enters its order confirming the sale of the Ramp in the foreclosure action and then as soon as practical thereafter sell and assign the Sheriff’s Certificate to the prospective purchaser.

WHEREAS, as the owner and a tenant of the Ramp, both the Port Authority and CCP have redemption rights lasting for six months after the district court confirms the sale of the Ramp to redeem the Ramp. Simultaneously, with the Indenture Trustee’s assignment of the Sheriff’s Certificate, the Port Authority seeks to lease the Ramp to the purchaser. The Redemption Period Lease is contingent on the sale and assignment of the Sheriff’s Certificate from the Indenture Trustee to the purchaser/tenant.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE PORT AUTHORITY OF THE CITY OF SAINT PAUL that the proposed 2022 Redemption Period Lease, as contained in the Memorandum to the Board, is hereby approved; and

BE IT FURTHER RESOLVED that the proposed termination of the CCP Lease between the Port Authority and CCP, as contained in the Memorandum to the Board, is hereby approved; and

BE IT FURTHER RESOLVED that the Interim President of the Port Authority, or anyone acting under his direction, is hereby authorized to execute on behalf of the Port Authority the Redemption Period Lease and termination of the CCP Lease and execute any other document in form as approved by counsel or take any other reasonable and appropriate actions in order to complete these authorized transactions in accordance with the above-referenced terms.

Adopted: March 22, 2022

PORT AUTHORITY OF THE
CITY OF SAINT PAUL

By _____
Its Chair

ATTEST:

By _____
Its Secretary

MEMORANDUM

To: CREDIT COMMITTEE **Meeting Date:** March 22, 2022
From: Peter M. Klein 
Subject: ENVISION COMMERCIAL, LLC - APPROVAL OF A \$251,000 TRILLION BTU LOAN

Action Requested:

Provide approval for the Port Authority to initiate a Trillion BTU loan for approximately \$251,000 with Envision Commercial, LLC for the installation of a 140 kW solar array on a commercial property located at 3105 65th Street East, Inver Grove Heights, Minnesota.

Public Purpose:

The Trillion BTU Revolving Loan Fund was established with a grant from the State of Minnesota via a Federal stimulus grant for energy conservation and the retention and expansion of jobs in the State. Additionally, the Minnesota Legislature has mandated that all utilities attempt to reduce existing customer energy usage by 1.5% annually.

Business Subsidy:

Loans under the Trillion BTU Fund are not subject to business subsidy reporting because they are for energy efficiency projects.

Background:

Envision Commercial is a real estate holding company that currently owns eight properties in the Metro Area. It purchased the Inver Grove Heights property in 2018. The current appraised value for this property is \$1,430,000.

Proposed Project:

140 kW Solar Installation

Purchase Price and Installation	\$251,000
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Sources and Uses of Funds:

Sources of funds:

Trillion BTU	\$251,000
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Uses of funds:

Project Description	\$251,000
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In order to leverage the grant funds, we are working with public and private partners to ultimately fund this project. Dakota County is assisting with placing the PACE special assessment on the property taxes and another funder will likely finance that portion of the project once the special assessment is in place. Trillion BTU funds will act as a bridge loan until that time. In the unlikely event that the special assessment is not assessed or if another funder does not take out the Trillion BTU loan, Trillion BTU will remain the funder of the loan.

Financial Analysis:

Tax returns were received and reviewed. They indicate sufficient revenue resources to service the PACE debt on this building. The following ratios were as of 12/31/2020:

Debt Service Coverage:	2.68	Trillion standard of at least:	1.15
Debt-to-Equity:	3 .26	Trillion standard of less than:	4.00

Proposal:

Source of Funds:	Trillion BTU
Use of Funds:	140 kW Solar Installation
Amount of Loan:	\$251,000
Rate:	4.25%
Term:	10 years
Collateral:	Signed Loan Agreement PACE Special Assessment

Energy Savings:

568 MMBTUs (\$17,000) annually.

Workforce Implications:

Davis-Bacon wage requirements need to be followed.
3 FTE for construction jobs.

Policy Exceptions:

None.

Recommendation:

We recommend the approval of a \$251,000 Trillion BTU loan to Envision Commercial, LLC.

MEMORANDUM

To: CREDIT COMMITTEE

Meeting Date: March 22, 2022

From: Peter M. Klein 

Subject: Quarterly Report on Outside Funded PACE Projects – 4Q/2021

Action Requested:

Informational only.

Public Purpose:

Property Assessed Clean Energy (PACE) legislation was approved to assist building owners with the financing of energy efficiency and renewable energy projects.

Business Subsidy:

Loans financed by private parties at market rates are not a business subsidy.

Background:

At its February 2022 regular meeting, the Credit Committee approved the Internal Credit Committee to approve outside funded PACE financings. This is the first of these quarterly reports.

Projects Funded:

Total funded: \$ 47,022,230

See attachment

Financial Analysis:

These projects represent fee income to the Port Authority of approximately \$117,000 in their initial year of assessment payments and \$1,300,000 over their term if not prepaid.

Energy Savings:

Annual dollars saved - \$2,282,167

Annual BTUs saved – 63,629,029,229

Workforce Implications:

490 FTE construction jobs.

Policy Exceptions:

None.

Recommendation:

Informational only.

Projects Funded	City	Loan Amount	Annual \$ Saved	BTU's Annual Savings	Use of Funds
Gateway Hotel	Minneapolis	\$ 20,000,000	\$ 1,022,207	28,029,899,000	HVAC, Lighting & Building Envelope
Hotel Indigo	Minneapolis	\$ 5,564,232	\$ 220,070	6,594,724,630	HVAC, Lighting & Building Envelope
GreenSmith	Luverne	\$ 1,126,522	\$ 193,896	5,500,000,000	HVAC, Lighting & Building Envelope
Crosstown	Eden Prairie	\$ 700,000	\$ 28,840	1,131,104,481	HVAC
2523 Wayzata	Minneapolis	\$ 400,000	\$ 30,643	1,181,339,000	Lighting & Building Envelope
Coventry BP	Brooklyn Park	\$ 200,000	\$ 8,653	88,227,700	HVAC, Lighting & Building Envelope
Barney Holdings	Maple Grove	\$ 150,000	\$ 7,670	142,592,000	HVAC, Lighting & Building Envelope
AVA	Albertville	\$ 5,182,886	\$ 258,175	5,764,602,010	HVAC, Lighting & Building Envelope
Coventry of Shak	Shakopee	\$ 2,275,000	\$ 116,638	1,282,566,000	HVAC, Lighting & Building Envelope
Arden Hills	Arden Hills	\$ 9,661,690	\$ 303,767	12,586,320,000	HVAC, Lighting & Building Envelope
Coventry of Ram	Ramsey	\$ 500,000	\$ 25,682	177,009,000	HVAC, Lighting & Building Envelope
ROK Apartments	St. Peter	\$ 1,000,000	\$ 51,672	681,375,000	HVAC, Lighting & Building Envelope
Bonanza Grove	Cottage Grove	\$ 79,900	\$ 4,195	146,369,787	Solar
Michael Jurayj	St. Paul	\$ 17,000	\$ 939	30,161,047	Solar
Brainerd Minimus	Edina	\$ 165,000	\$ 9,120	292,739,574	Solar
		\$ 47,022,230	\$ 2,282,167	63,629,029,229	